

31 January 2019



## Quarterly Activities Report Period Ending 31 December 2018

### Gorno Zinc Project (Lombardy, Italy)<sup>1</sup> Technical Study Completed

- Demonstrates technical viability of phase 1 “starter” project and confirms significant value can be added by increasing Mineral Resources
- Completed by Lycopodium, AMC Consultants and Alta Zinc to PFS levels of accuracy
- Based only on existing Zorzone Indicated and Inferred Mineral Resource in compliance with JORC (2012)
- Underground mine utilising existing infrastructure (10km rail tunnel) & modular processing plant design provide flexibility for expansion
- Environmental Impact Assessment (EIA) is well advanced with no fatal flaws identified
- Technical Study completion allows for mining licence renewal to get underway

### Exploration Study resets Exploration Target for Gorno Project Area (GPA)

- Updated GPA Exploration Target
- New Exploration Plan prioritises high-quality, low-risk near resource target areas
- Proposed Drilling Program for 2019 aims to define additional Mineral Resource at Zorzone East and Pian Bracca/Arera Thrust (PBAT)

### Upscaled Development Plan Proposed For Gorno

- Technical Study confirms significant value can be added by increasing Gorno’s Mineral Resources
- Studies and exploration results to feed into “upscaled” Gorno Project development plan
- Drilling planned for 2019 intended to define Mineral Resource at high-priority PBAT target
- Talks underway with financiers including off-takers, institutions and debt providers

<sup>1</sup> Refer to ASX releases dated 25 January 2019 titled “Exploration Study Resets Exploration Target at Gorno”, “Study Confirms Technical Viability of Starter Project” and “Alta Ready for Resource Definition Drilling at Gorno” respectively.

## Other Projects

### Punta Corna (Piedmont, Italy)

- Exploration Licence (EL) awarded December 2018
- Sampling confirms Co-Ni-Cu-Sb-Ag mineralisation
- Grab and rock chip program returned positive assay results including<sup>2</sup>:
  - EMI004320: 1.69% Co, 1.40% Ni
  - EMI004322: 3.39% Co, 2.54% Ni
  - EMI004329: 3.11% Co, 2.82% Ni
  - EMI004331: 1.57% Co, 0.92% Ni
  - EMI004332: 2.69% Co, 2.10% Ni
  - EMI004318: 3.76% Cu, 2.34% Sb, 902ppm Ag
  - EMI004319: 1.19% Cu, 0.67% Sb, 158ppm Ag
  - EMI004324: 6.08% Cu, 0.97% Sb, 496ppm Ag

## Corporate

- Cash on hand at 31 December 2018 of \$0.937 million

**Alta Zinc Limited (ASX: AZI) (Alta or the Company) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2018.**

During the Quarter, work focused on completion of the Technical Study to confirm the technical viability of a Phase 1 starter project based on Gorno's existing Zorzone Mineral Resource (see ASX release 25 January 2019) and an Exploration Study of the significant exploration upside within the GPA.

The Technical Study confirmed the technical viability and highlighted the potential value accretion that could be gained by increasing the Mineral Resource from Gorno's near-resource exploration targets.

The Exploration Study, the culmination of extensive evaluation and assessment over the past 18 months, identified five priority targets that have potential to significantly add to the Zorzone Mineral Resource. From this, Alta has prepared a five-stage Exploration Plan focused on the updated Exploration Target (see ASX release 25 January 2019).

Based on the outcomes of the Technical Study and the Exploration Study, Alta's immediate aim is to boost the Indicated Mineral Resource available within the project footprint area to feed into a revised "upscaled" project development plan for Gorno.

The above plans are subject to satisfactory funding arrangements. Alta is currently exploring both short-term and long-term financing options with a diverse range of potential financiers.

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<sup>2</sup> Refer to ASX announcement dated 9 November 2018 titled "Punta Corno Cobalt Project – Maiden Sampling Results".

# Gorno Zinc Project (Lombardy, Northern Italy)

## Technical Study Completed

The Technical Study for the Gorno project was carried out to a pre-feasibility study (PFS) level by independent consultants Lycopodium Minerals Pty Ltd (Lycopodium) for the metallurgy, processing, surface infrastructure and associated costs components, and AMC Consultants Pty Ltd (AMC) for the mining geotechnical, mining and mining costs components.

The Technical Study was conducted to a degree of accuracy consistent with a PFS and was titled as such by its authors. However, given that 36% of the Mineral Resource is in the Inferred category and considered determinative of the study economics, the Mineral Resource is insufficient to support the estimation of ore reserves or to provide an assurance of economic development. The Technical Study therefore cannot be classified as a PFS for ASX reporting purposes, and Alta is unable to report a production target or financial outcomes achieved.

Alta adopted the approach to incorporate Inferred Resource as well as Indicated Resources in the mine model and to use the currently available metallurgical test work in order to avoid time delays and costs for work which can be carried out more efficiently later in parallel with other pre-development activities.

In addition to confirming the technical viability of a Gorno Phase 1 “starter” project, the Technical Study highlighted the potential value accretion that could be gained by increasing Gorno’s Mineral Resource from the near-resource exploration targets.

Importantly, no fatal flaws were identified in the Environmental Impact Study (EIS), which was carried out as part of the overall Environmental Impact Assessment (EIA).

**The key recommendations of the Technical Study have provided the basis for future near-term work streams for the Project and the proposed upscaled Gorno Project development plan.**

## Technical Study Summary

The Gorno Zinc Project is owned and operated by Alta through its wholly-owned Italian subsidiary Energia Minerals (Italia) Srl (EMI). EMI holds four granted exploration licences in the Gorno district and one granted mining licence, the Monica Mining Concession.

The Phase 1 “starter” project concept is to exploit the accessible high-grade sulphide zones within the existing JORC compliant Zorzone Mineral Resource to produce a zinc sulphide concentrate and a lead sulphide concentrate. Phase 1 is designed to repay upfront capital and to be modular in nature to minimise any future expansion capital and development time.

### Mine Design

The mine design developed by AMC was based on using small mechanised equipment and utilising existing development as much as practical in order to minimise initial mining capital requirements.

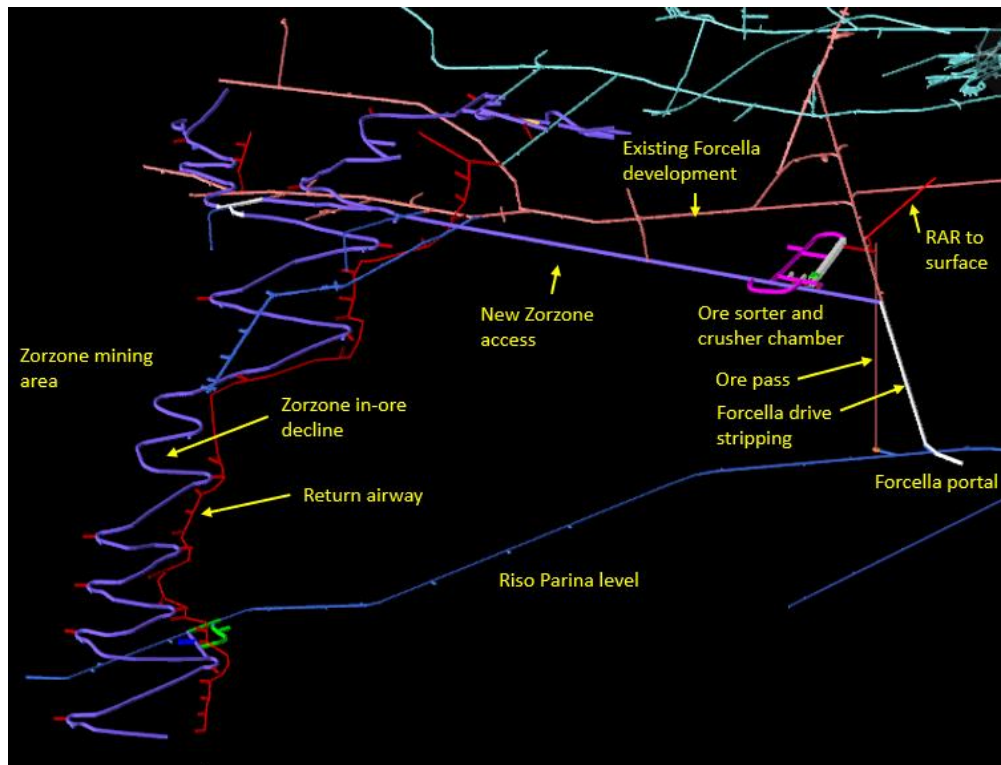
The maximum development dimensions, excluding the infrastructure chamber, are 4.5m wide x 4.5m high for the decline and other access development to suit 20t capacity trucks.

The capital development design is shown in Figure 1. The main components of the design are:

- New Zorzone access to provide access to the infrastructure chamber and establish the primary ventilation network.
- Infrastructure development (underground chamber) for the crusher and ore sorter.
- In-ore decline and associated return airway.

Operating development comprises ore development on 7m vertical intervals and ancillary development such as sumps and stockpiles. Development in the longhole open stoping (LHOS) area uses a shanty back profile to minimise waste dilution.

The Zorzone mining area extends 500m vertically from 1,100 to 600mRL.



**Figure 1: Mine Capital Development Design**

### **Mining Method and Stope Design**

The majority of the Zorzone stratabound deposit has a moderate dip of approximately  $25^\circ$  and width of between 1m to 5m, with an average width of 3m to 4m. In the upper northern area it becomes almost horizontal. LHOS with fill will be used for moderate dipping areas of the ore body and room-and-pillar in the horizontal area.

Stope shapes were developed using Mineable Shape Optimiser (MSO). The mine design was based on the 3.5% Zn cut-off grade (COG) shapes, which provided the preferred balance between tonnage and grade.

The LHOS area was based on a 7m vertical level interval. This level interval was selected as it provided a higher MSO mining resource, reduced stoping risk associated with the moderate dip, and allowed for long stopes (up to 70m in length) relative to increased level intervals.

Room-and-pillar was based on 7m wide rooms with 3m square pillars, providing 70% ore recovery.

The ore handling system comprises underground truck haulage from production areas to the underground crusher and ore sorter chamber. After ore sorting, the crushed ore continues through the system to an existing ore pass that links the Forcella and Riso Parina levels. The crushed and sorted ore is then loaded from the bottom of the pass into rail wagons, for rail haulage of 8.7km from the ore pass to the surface processing plant. The waste rock and ore sorter reject handling system comprises underground truck haulage from production areas to a temporary underground stockpile, followed by:

- Disposal into new underground voids using a loader as part of the stope fill.
- Haulage and disposal into the upper level historical voids.
- Excess material brought to surface.

The dry tailings handling system comprises:

- Tails loaded into rail wagons at the surface processing plant at Riso Parina.
- Rail haulage 9.8km back to the mine (Zorzone).
- Underground loader and trucks used to re-handle the tailings from the Riso Parina level into the paste plant located on the Forcella level.

## Mine Schedule

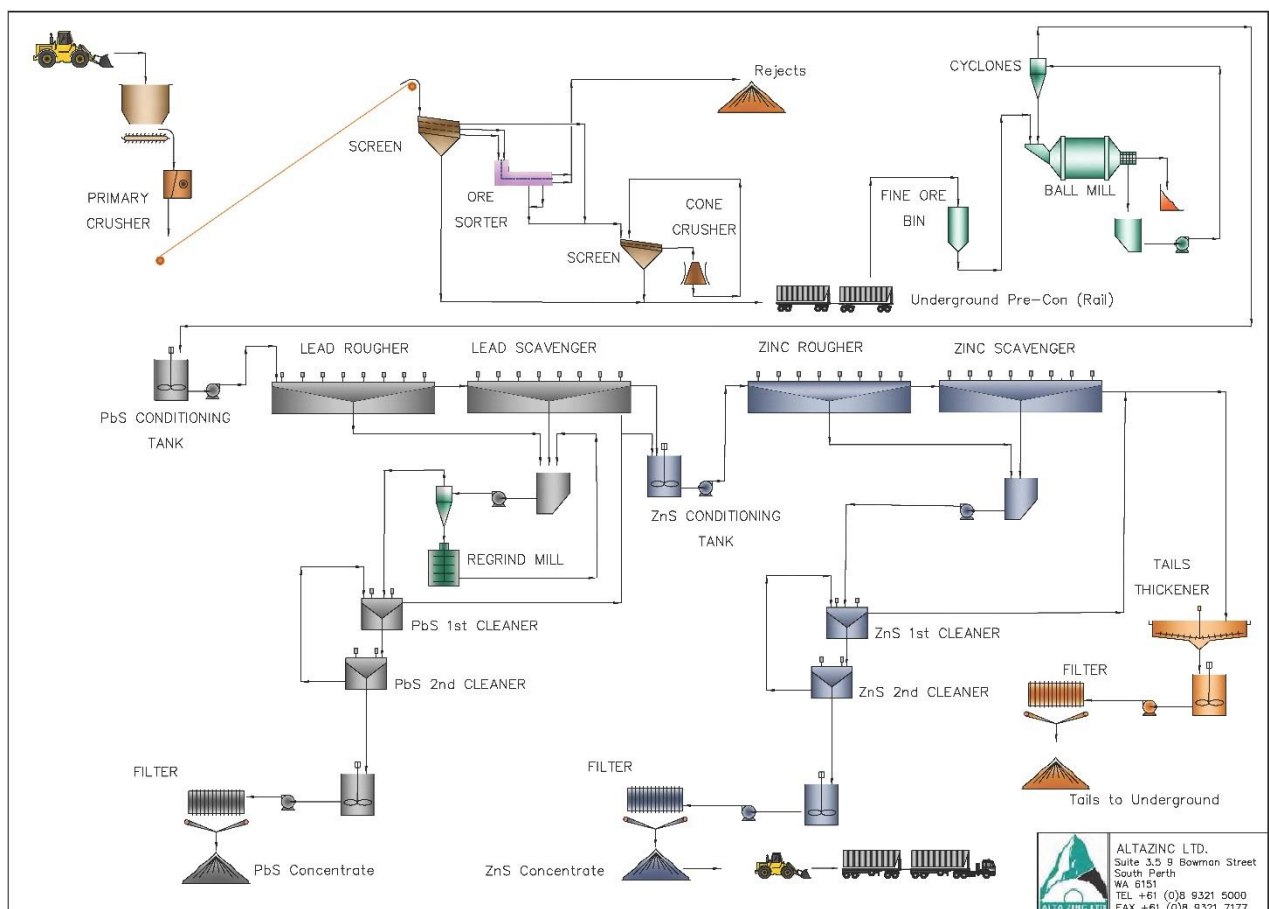
AMC prepared the mine schedule based on a nominal ROM production rate applied to the MSO shapes. The mine design prioritises high-grade sulphide zones (in preference to resource classification) as the proposed processing route is designed for sulphide ore only.

## Metallurgical Test Work and Process Plant Design

Phase 1 considers treating only pre-concentrated sulphide material (Enriched Feed). Minimal oxide mineralisation will be mined and either stockpiled underground for subsequent treatment or sorted through the ore sorters (fines will be predominantly oxide). Only a minor quantity of oxide mineralisation is expected to report to the flotation plant feed and treated through the Phase 1 plant. No detrimental effects on sulphide circuit performance are expected from oxide entering the flotation circuit.

Although the processing route appears to be substantially fixed for the sulphide mineralisation in black shale, further refinements may be possible. Optimisation test work is recommended, particularly investigation of pre-flotation as a means of removing carbonaceous black shale ahead of lead sulphide flotation.

Additional variability flotation test work is recommended in future on a range of samples to generate robust recovery and grade predictions.



### Figure 2: Process Flowsheet



## Infrastructure and Site Layout

The proposed processing plant and concentrate dispatch area are situated in the locality of Riso, which is approximately 4km south of the Gorno town centre.

The project locations are in developed areas, which are easily accessible. In the vicinity there is readily available adequate supporting infrastructure such as housing, power, communication, water and sewage services.

The national power grid operated by ENEL is well established in the region, with a sophisticated network of high-voltage and medium-voltage power lines. Medium-voltage power is available at both the Cà Pasi and Riso sites.

The main additional infrastructure required for the development of the underground project will be:

- Mine facilities (additional office space, workshop and ablution blocks).
- Land access for temporary above ground waste rock and ore stockpiles (during development).
- Grid power supply cabins and power distribution.

The flotation plant, concentrate storage and handling facility is to be constructed at Riso in the municipality of Gorno. It is proposed to demolish the old Riso plant and use the available land currently administered by the municipality of Gorno. Bulk earthwork requirements will be minimised by maintaining existing retaining walls and various natural elevations. Workshops, warehouse and administration buildings will be housed in existing buildings in the vicinity of the proposed plant site.

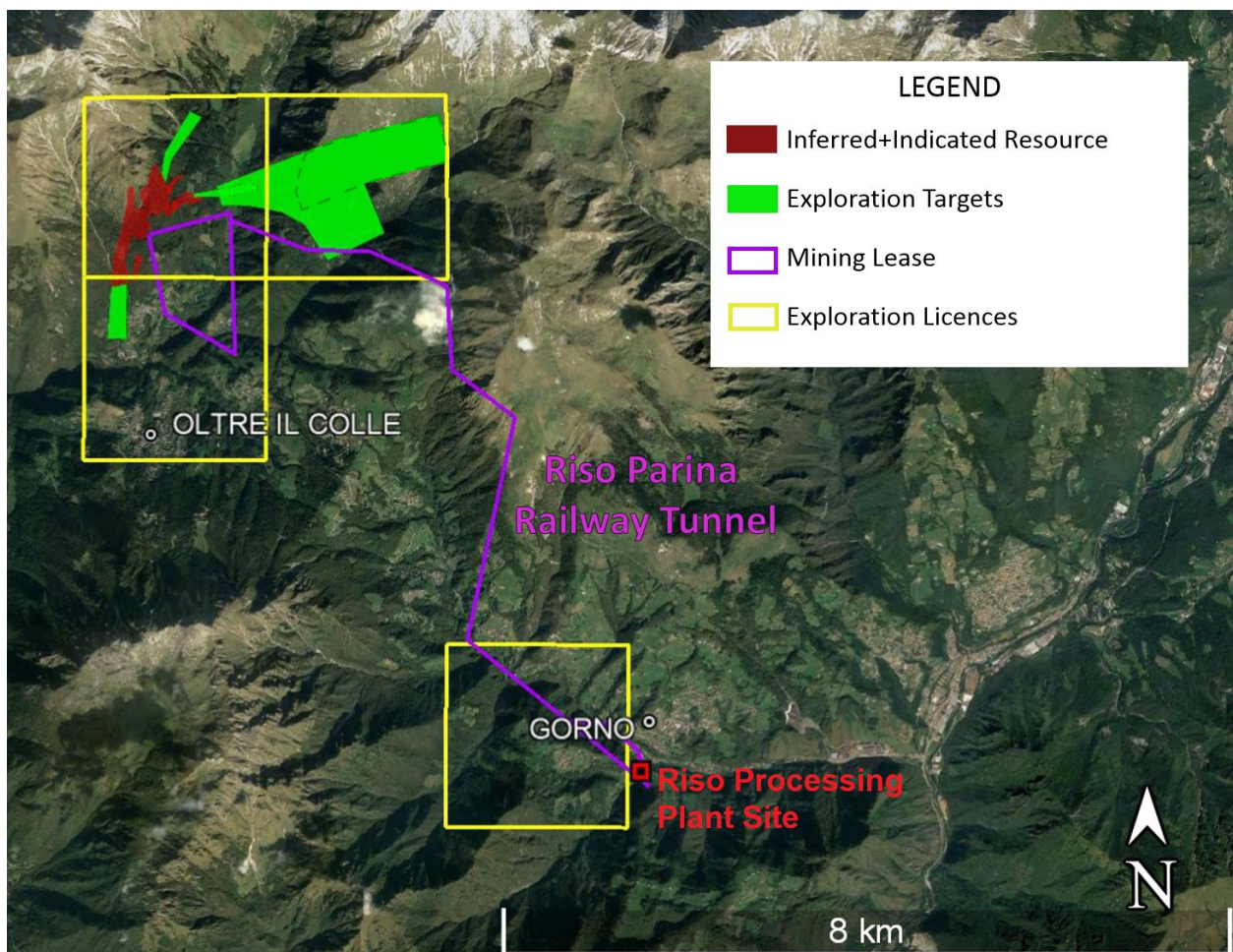


Figure 3: Underground Portal and Processing Plant Locations



**Figure 4: Processing Plant designed by Lycopodium to be constructed at the Riso Processing Plant Site**

### **Marketing and Product Specifications**

The Gorno Project will produce a zinc sulphide concentrate (ZnS) and a lead sulphide concentrate (PbS) containing payable silver credits, which the Technical Study assumes will be marketed and sold as two separate products.

Discussions with internationally recognised base metal commodity trading houses indicate likely strong demand for the Gorno concentrates, which may attract premium pricing because of the high concentrate grades and low impurity specifications.

The expected quality of the Gorno concentrates (anticipated unusually low iron content and low manganese levels) means they can have a special value to smelters obliged to consume large quantities of 'dirty concentrates', especially where residue disposal is a serious environmental problem or cost.

### **Permitting**

While an existing mining licence and exploration licences are in effect over the GPA, additional environmental and social baseline studies, planning and design work are necessary to complete all permitting requirements for the mining licence renewal and ancillary plant approvals.

It is important to note that no fatal flaws have been identified in the Environmental Impact Study (EIS), which has been carried out as part of the overall Environmental Impact Assessment (EIA) necessary for the renewal of the mining licence (which expires on 30 January 2020). The EIA is approximately 80% complete.

This Technical Study provides the general mine and plant design to be used for the mining licence renewal application process.

## Project Implementation

The Gorno Zinc Project is well positioned for a fast-track construction strategy as the major access infrastructure, in particular the Riso Parina tunnel and Forcella portal, is already in place from previous operations though rehabilitation and rebuilding work is required to restore operations. A conceptual project execution schedule for Phase 1 assumes a pre-works period followed by construction commencement in January 2020. It also includes an 18-month pre-production period for construction, development and commissioning activities.

## Gorno Phased Development Strategy

Alta adopted a phased development approach in commissioning independent studies to confirm the technical viability of Gorno. Phase 1 focused on exploiting Zorzone's accessible sulphide zones and hence was restricted in scale. For Phase 2 – and the project development plan – the focus will be to add value through scale enhancements, primarily as a result of increasing the GPA's Mineral Resource.

This development strategy involves resource definition drilling of the Zorzone Extensions and in particular the known mineralised area of Pian Bracca, which is 300m to the east of Zorzone and forms part of the PBAT target.

Over and above this, further resources could potentially be defined by drilling the Arera Thrust part of the PBAT as well as Fontanone. Drill testing of these areas is planned within the 5-Stage Exploration Plan, in which it is envisaged that exploration and development will follow the mineralisation progressively eastward over time.

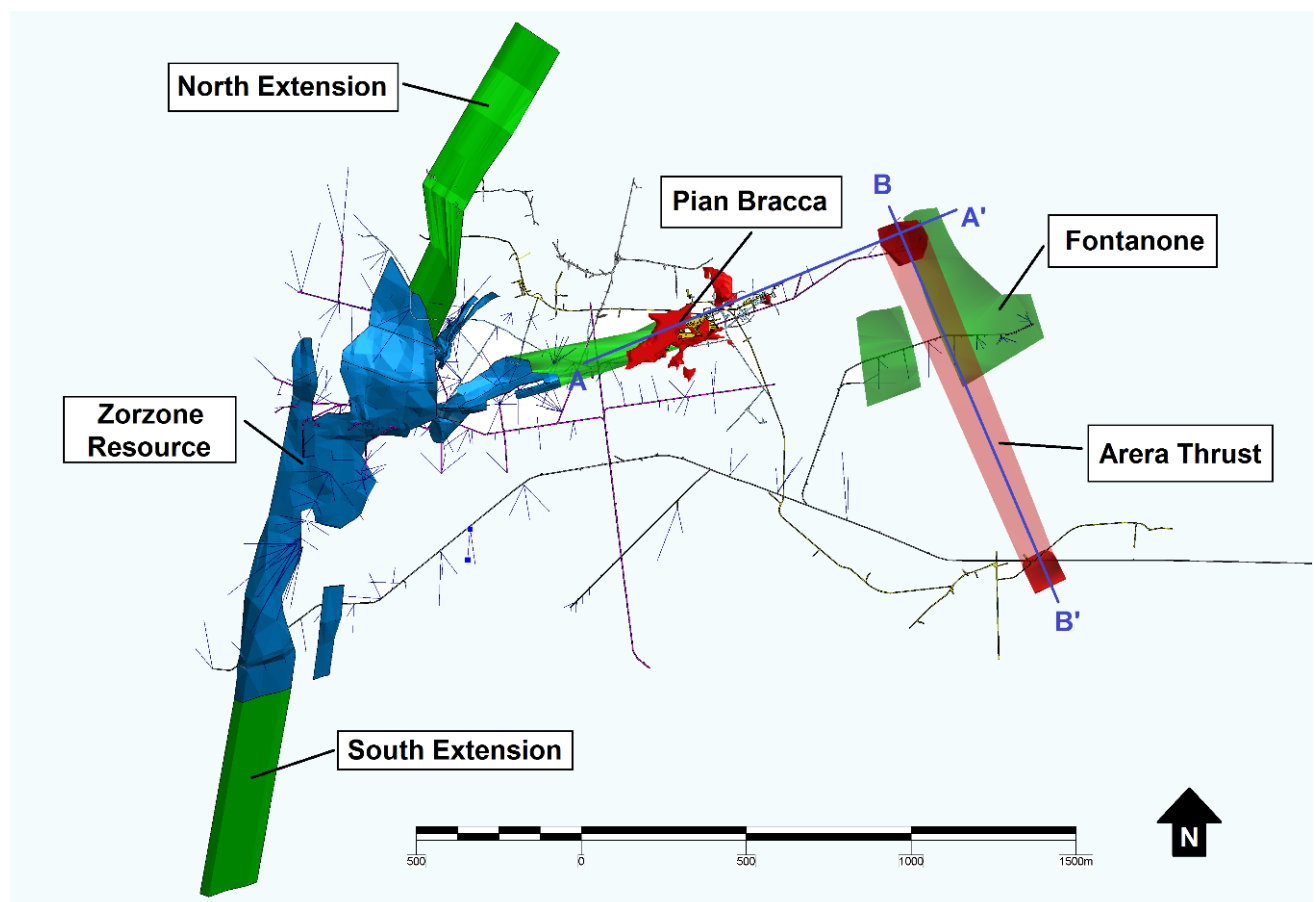


Figure 5: Zorzone Mineral Resource (blue) and Exploration Target zones (red & green)



## Exploration Study

In parallel with the Phase 1 Technical Study, Alta has pursued an intensive exploration program in the Gorno Project Area (GPA) over the past 12-18 months – carefully investigating all mineralisation beyond the limits of Zorzone – to better understand the potential to enlarge the resource in line with the development strategy. As a result, the Exploration Target for the GPA. has been reset to **9-21Mt at 6-7% Zn+Pb** as set out in Table 1:

Target/Group	Mineralisation Style	Mt (low)	Mt (high)	Pb+Zn % (low)	Pb+Zn % (high)
Zorzone Extensions	SB	1.2	2.5	6	7
Pian Bracca/Arera Thrust	PB	5.0	9.7	6	7
Fontanone	SB	2.4	9.2	6	7
<b>TOTAL (Rounded)</b>	<b>SB+PB</b>	<b>9</b>	<b>21</b>	<b>6</b>	<b>7</b>

*SB – Stratabound-style mineralisation; PB = Pian Bracca-style mineralisation*

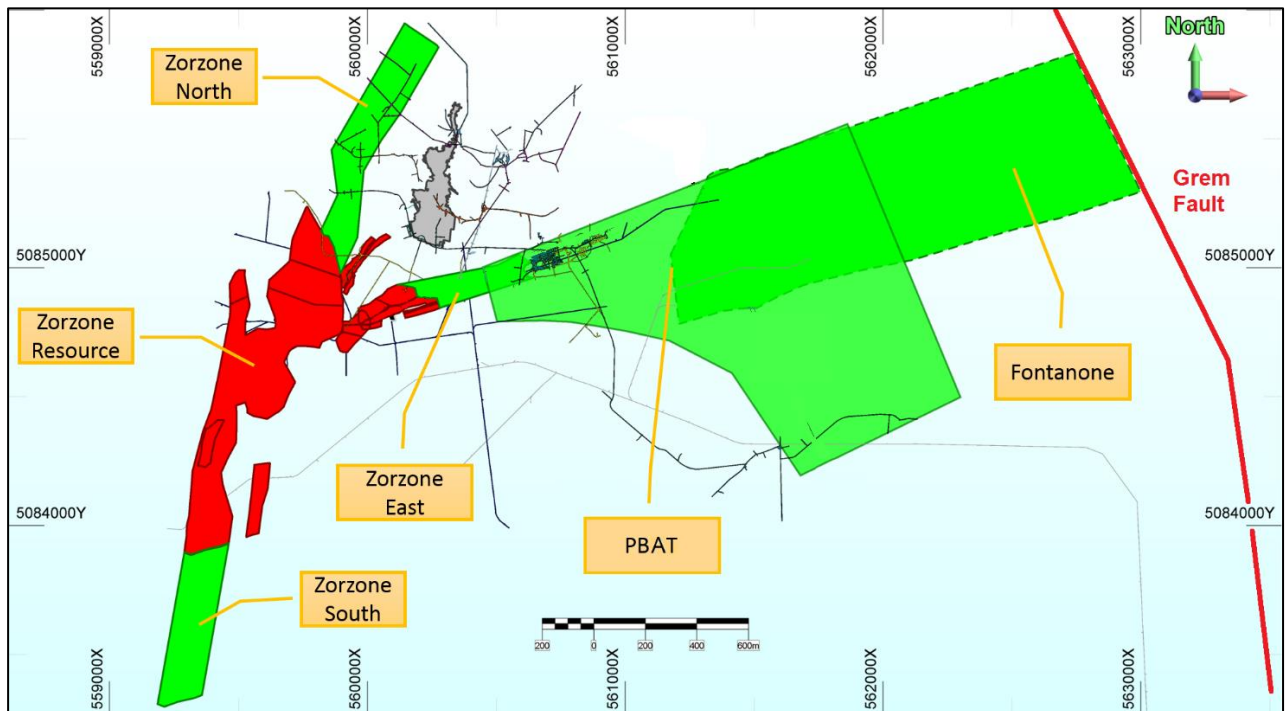
**Table 1: Gorno Zinc Project, Exploration Target**

The potential quantity and grade of the Exploration Target are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The previous revision was announced to the ASX on 16 March 2016<sup>3</sup>.

The Exploration Target for the GPA now comprises five separate targets (refer to green areas in Figure 6), showing high-tonnage estimates) in three target groups as follows:

- **Zorzone Extensions** – North, South and East targets
- **Pian Bracca/Arera Thrust (PBAT)** target
- **Fontanone** target



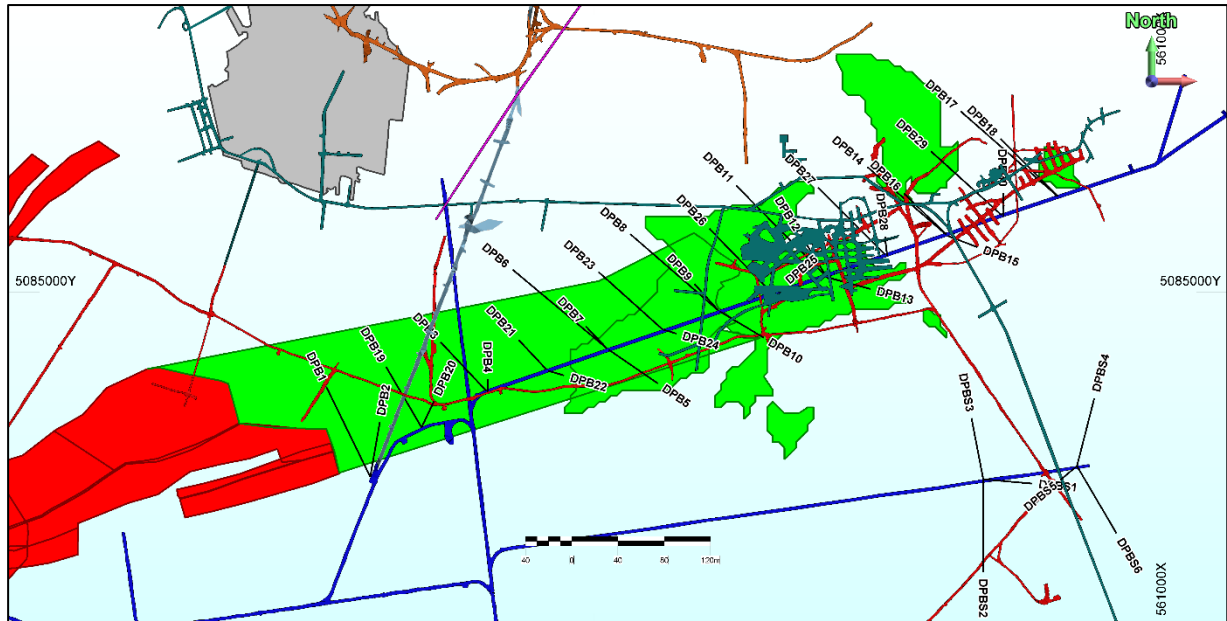
**Figure 6: Location of the five target areas (high tonnage estimate)**

<sup>3</sup> ASX Announcement dated 16 March 2016 “Maiden Resource for Gorno Zinc Project”.

## Proposed Drilling Program for 2019 – Stage 1

The planned Stage 1 drillhole locations are at **Zorzone East** and **Pian Bracca**. The locations are shown in Figure 7.

- Resource definition drilling (Indicated) at 50m x 50m drillhole spacing. This will initially be drilled at 50m x 100m drillhole spacing and will be followed up by the 50m x 50m infill drilling to define an Indicated Mineral Resource. A pre-requisite to the drilling is 550m of rehabilitation in the western part of the 940m RL Forcella drive, from where the holes will be drilled.
- Resource definition drilling (Inferred) down plunge at approximately 100m x 100m drillhole spacing. A pre-requisite is to remove mining waste from the 940m RL Forcella drive.



*Note: The Zorzone East (north) drillholes are prefixed “DPB”, and the Zorzone East (south, i.e. down-plunge) holes are prefixed “DPBS”. Both sets of holes will be drilled from the Forcella drive (940m RL).*

**Figure 7: Stage 1 Exploration Plan, proposed drillholes for Zorzone East & Pian Bracca (Plan View)**

## Other Exploration Projects – Italy

### Punta Corna Cobalt Project (Piedmont, Northern Italy)

During the Quarter, the Company was awarded the Punta Corna Exploration Licence (EL) covering the historic Usseglio cobalt mining area in Piedmont, northern Italy<sup>4</sup>. The EL covers 14.3km<sup>2</sup> in the Usseglio Municipality and is located approximately 7km from the French border and approximately 300km from Alta’s flagship Gorno Zinc Project.

The Punta Corna Cobalt Project is complementary to the Company’s high-grade zinc portfolio in northern Italy and capitalises on Alta’s exploration expertise within Italy.

Preliminary grab and rock chip samples were collected from or nearby several veins contained within the EL area where cobalt was mined in the 18<sup>th</sup> Century. These have returned positive assay results confirming Co-Ni-Cu-Sb-Ag mineralisation. The assay results were announced to the ASX on 9 November 2018.

<sup>4</sup> Refer to ASX announcement dated 6 December 2018 titled “Exploration Licence Awarded for Punta Corna Cobalt Project”.

Method	WEI-21	ME-ICP61a	ME-ICP61a	ME-ICP61a	ME-ICP61a	Ag-OG62		
	Wt	Co	Cu	Ni	Sb	Ag	Zone 32T	
Sample_ID	kg	ppm	ppm	ppm	ppm	ppm	Easting	Northing
EMI004317	1.57	10	<10	80	210	<1	357453	5013418
EMI004318	0.94	10	37,600	40	23,400	902	358603	5011150
EMI004319	1.03	2,470	11,900	1,700	6,750	158	359546	5013448
EMI004320	0.9	16,900	4,850	14,000	5,300	26	359633	5013411
EMI004321	0.74	5,380	1,680	7,370	2,170	23	358648	5013258
EMI004322	0.48	33,900	1,350	25,400	3,520	23	359128	5013242
EMI004324	0.3	70	60,800	50	9,700	496	358476	5013150
EMI004325	0.18	3,650	6,570	90	16,700	90	358846	5013469
EMI004326	0.74	5,110	910	8,850	870	12	358111	5013310
EMI004327	0.54	80	330	200	320	6	357726	5013164
EMI004328	1.47	670	270	120	320	5	357726	5013164
EMI004329	1.45	31,100	710	28,200	1,750	6	357721	5013163
EMI004330	1.61	40	3,070	120	2,030	26	358987	5013409
EMI004331	2.07	15,700	5,780	9,240	4,100	60	358987	5013409
EMI004332	2.13	26,900	2,180	21,000	3,250	25	358987	5013409

Table 2: Assay results from initial Punta Corna Sampling Program (Note: 10,000ppm = 1%)

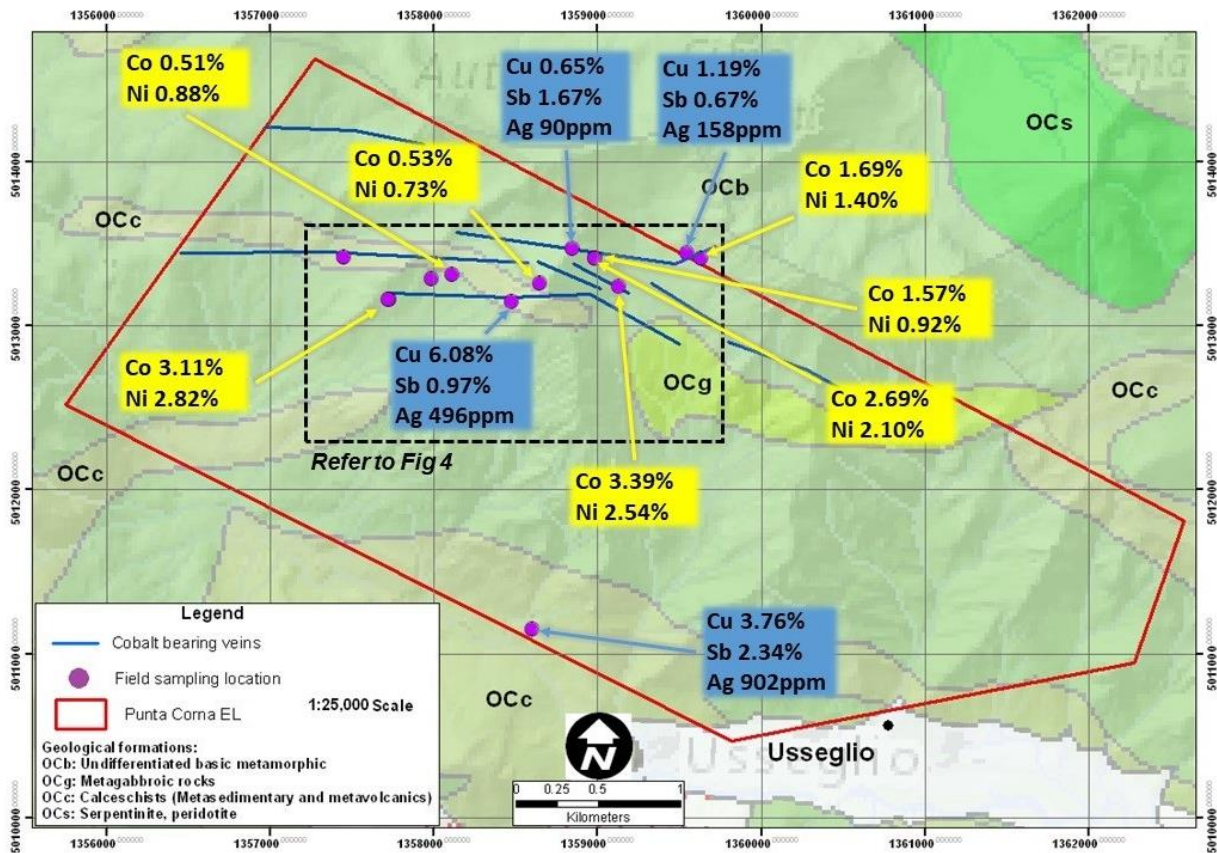


Figure 8: Punta Corna EL – general geology, sample locations & assay results

## **Salafossa Zinc Project, Northern Italy**

Alta holds an EL covering the historic Salafossa Mine located in northern Italy. No exploration work was carried out on this project during the period given the focus on Gorno Zinc Project activities.

## **Predil EL Application, Northern Italy**

No work was carried out on this project during the period.

## **Other Exploration Projects – Australia**

### **McArthur Project - Northern Territory**

The project encompasses three tenements totalling 1,238km<sup>2</sup>. One tenement (EL31045) is granted. The grant of the remaining two applications is pending the outcome of discussions with Traditional Owners. A scheduled meeting with the Northern Land Council was deferred and an alternative date is yet to be determined. Given this situation, no further work was carried out during the period. Alta is continuing to consider options with regards to the future of the project, including potential joint venture opportunities.

### **Paterson Project - Western Australia**

The Paterson Project comprises two granted Exploration Licences (E45/4534 and E45/4543) covering 219km<sup>2</sup>. The two tenements cover highly prospective parts of the Broadhurst Formation and include the Eva Well prospect. The broader Paterson Province, where Alta's Paterson Project is located, has attracted significant investor interest triggered by market speculation that Rio Tinto has made a significant copper discovery in the area. Alta is monitoring industry developments in the Paterson Province. No field work was carried out during the period. It is anticipated that a detailed gravity survey of these tenements will be undertaken during the next field season in 2019 subject to the availability of funding.

## **Corporate**

### **Cash Balance**

Cash on hand as at 31 December 2018 was approximately \$0.937 million. Please refer to the attached Appendix 5B for further information.

### **Issued Capital**

On 3 December 2018, the Company issued 6,000,000 unlisted Incentive Options to Stephen Hills under the *2015 Employee Incentive Plan* after obtaining approval from shareholders during the 2018 Annual General Meeting. As at 31 December 2018, the Company had 1,368,965,708 fully paid ordinary shares on issue and 54,250,000 unlisted options.

## **Tenements**

Current tenement holdings, tenements disposed of and tenements acquired during the Quarter are shown in the attached Tables 2 to 4.



For and on behalf of Alta Zinc Limited.



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## About Alta Zinc Limited

Alta Zinc Limited owns 100% of the historic Gorno Zinc Project, near Bergamo in the Lombardy region of northern Italy. The Company is committed to resuming mining activities, taking advantage of strong local support, excellent metallurgy, established infrastructure and favourable zinc market conditions. The Company also has an extensive zinc and base metals exploration portfolio in Italy and Australia. The Bergamo region of Italy has a long history of mining extending back to the Pre-Roman times. The Gorno underground zinc mine ceased operations in the early 1980s following a government directive for its then-owner SAMIM (a state-owned company and part of the ENI group) to focus solely on oil and gas. The intrinsic mineral economics had little to do with Gorno's premature closure, rather SAMIM was directed by the government to divest all its mineral projects globally and focus exclusively on oil and gas.

### Competent Person Statements

Information in this Quarterly Report that relates to Exploration Targets and Exploration Results is based on information prepared or reviewed by Dr Marcello de Angelis, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr de Angelis is a Director of Energia Minerals (Italia) S.r.l. and Strategic Minerals Italia Srl (controlled entities of Alta Zinc Limited), a consultant, shareholder and option holder of Alta Zinc Limited. Dr de Angelis has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr de Angelis consents to the inclusion in this release of the matters based on their information in the form and context in which it appears.

The information in this Quarterly Report that relates to the Exploration Targets for the Gorno Project is extracted from the ASX Announcement titled "Exploration Study Resets Exploration Target at Gorno" dated 25 January 2019. The information in this Quarterly Report that relates to the Exploration Results for the Punta Corna Cobalt Project is extracted from the ASX Announcement titled "Punta Corna Cobalt Project – Maiden Sampling Results" dated 9 November 2018.

The information in this release that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report which was prepared by Mr Stephen Godfrey as Competent Person in compliance with the JORC Code (2012 Edition) and released to ASX by the Company on 8 December 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original Announcement. All material assumptions and technical parameters underpinning the Zorzone Mineral Resource estimates in that previous release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original Announcement, which contained the following Mineral Resource classification, at a cut-off grade above 1% Zn as Indicated and Inferred (below) in accordance with the guidelines in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012 Edition).

**Table 1: December 2017 Zorzone Mineral Resource Estimate Summary**

December 2017 OK Estimate Reported using a 1% Zinc Cut-off Grade Subdivided by JORC Code 2012 Resource Categories using <b>ROUNDED</b> figures							
Category	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated	2.1	5.1	107	1.4	29	30.9	2.1
Inferred	1.2	4.6	56	1.1	14	20.9	0.8
Indicated + Inferred	3.3	4.9	163	1.3	43	27.2	2.9

*This table reproduced as it was first reported to the ASX on 8 December 2017.*

**Forward Looking Statements:**

This release may contain certain forward-looking statements and opinions including projections, forecasts and estimates (together forward looking statements) which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, contingencies, assumptions and other factors, many of which are outside the control of the Company all which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Forward looking statements are inherently uncertain and may therefore differ materially from results ultimately achieved. Alta Zinc does not make any representations and provides no warranties concerning the accuracy of any forward looking statements or likelihood of achievement or reasonableness of any forward looking statements. Past performance is not necessarily a guide to future performance. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Project	Tenement	Entity's Interest	Comments
<b>Western Australia</b>			
Moses Chair	E45/4534	100%	Granted
Broadhurst Range	E45/4543	100%	Granted
<b>Northern Territory</b>			
McArthur	EL 25272	100%	Application
McArthur	EL31045	100%	Granted
McArthur	EL31046	100%	Application
<b>Italy</b>			
Novazza	N/A	100%	Application
Val Vedello	N/A	100%	Application
Gorno – Monica Concession	Decree 845	100%	Granted
Gorno – Vedra	Decree 5846	100%	Renewal Application
Gorno – Zambra West	Decree 2869	100%	Granted
Gorno – Riso	Decree 3365	100%	Granted
Gorno – Parina	Decree 1995	100%	Granted
Predil	N/A	100%	Application
Salafossa	Decree 1481	100%	Granted
Punta Corna	Decree 628	100%	Granted

**Table 2: Schedule of mining tenements held**

Area of Interest	Tenement	Entity's Interest	Comments
Nil	Nil	Nil	Nil

**Table 3: Schedule of mining tenements reduced**

Area of Interest	Tenement	Entity's Interest	Comments
Nil	Nil	Nil	Nil

**Table 4: Schedule of mining tenements increased**

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

ALTA ZINC LIMITED
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### ABN

63 078 510 988

### Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1	2
1.2 Payments for		
(a) exploration & evaluation	(711)	(1,109)
(b) development	-	-
(c) production	-	-
(d) staff costs	(206)	(416)
(e) administration and corporate costs	(132)	(259)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Refund of Italian VAT received	341	341
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(701)</b>	<b>(1,426)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	(4)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	5	5
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>2</b>	<b>(5)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(1)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,637	2,370
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(701)	(1,426)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(1)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>937</b>	<b>937</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	336	116
5.2 Call deposits	601	1,521
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>937</b>	<b>1,637</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

225

-

6.1 Remuneration of the Executive Chairman/CEO and Finance Director plus Non-Executive Director fees. \$140k.

Payment of \$72.5k quarterly Advisory Support Fee to Arete Capital Partners Pty Ltd (Arete) in accordance with the Strategic Alliance Agreement. Arete is an associate of Mr Olsen, Non-Executive Director.

Payment of \$12k to Gilbert + Tobin Lawyers for legal services. Mr Cardaci, Non-Executive Director, is a partner of Gilbert + Tobin. These legal services were not provided by Mr Cardaci.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify) – Bank Guarantee

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

Nil

Nil

-

-

13

13

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

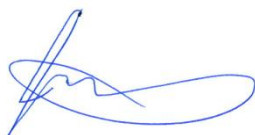
The facility is associated with an unconditional bank guarantee provided by the National Australia Bank. The guarantee is provided by way of a fully utilised finance facility secured by a fixed term cash deposit. No interest is currently paid on the facility.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	900
9.2 Development	-
9.3 Production	-
9.4 Staff costs	250
9.5 Administration and corporate costs	90
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,240</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 31 January 2019

Print name: Jamie Armes

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.